

91-016

June 4, 1991

School Districts, Educational Service Districts, and the Office of the Superintendent of Public Instruction

TRS contributions and how they are affected by work for non-TRS employers

DRS Notices 90-014 and 90-017 provided information to employers on the status of Teachers' Retirement System (TRS) members who are on leave without pay while working for employee associations.

These Notices explained that teachers are not eligible to have compensation and service reported to TRS for periods when they are on leave without pay. This includes teachers who are on unpaid leave from their school districts so that they may perform work for an employee union. The compensation that the employee union pays to the member is not reportable for retirement purposes and should not be included on the transmittal report.

Any teachers who have, in the past, had such compensation reported for them were reported to DRS in error and the associated contributions were paid to DRS in error.

Contributions for School Years Prior to 1990-91

Rather than refunding erroneous contributions to members at this time, DRS is waiting until completing negotiations with the Washington Education Association (WEA) concerning how member contributions will be treated pending resolution of the legal issues.

If you have reported contributions in the past for members who were on leave without pay:

If you have not already done so, notify DRS in writing of the member's name, social security number, the period of time for which these reports were made, and the amount of the member's salary paid by the union.

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Once this notification to DRS is made, you need take no further action until you hear from DRS. We will notify employers of the results of our negotiations with the WEA.

In the meantime, any member who requests to withdraw such erroneous contributions from the retirement system will be allowed to do so. If you reversed such transmittal transactions based on the instructions you received in DRS Notice 90-014, DRS is not specifying what you should do with the contributions.

Contributions for the 1990–91 School Year

Employers were notified in DRS Notice 90-014, dated October 2, 1990, that salary, service, and contributions for teachers on leave without pay are not reportable. This includes teachers on unpaid leave who are working for an employee union.

If you have reported such salary, service, and contributions for the 1990–91 school year, these reports were in error and need to be corrected. You should reverse these transactions before you complete your transmittal reporting for this school year, and you should adjust the member's tax records accordingly. If any employer should fail to reverse such transactions, DRS will reverse the transactions.

If DRS reverses the transactions, there could be a negative impact on the member's tax planning. It is possible that tax-deferred contributions could accrue, which DRS will refund to the member all in one year. This could cause the member to receive a large amount of taxable income at the point DRS discovers the error and reverses the transactions.

If your organization is currently holding such contributions, DRS is not specifying how you handle these contributions at this time, except that they are **not** to be reported and paid to the Teachers' Retirement System. If you are holding such contributions, you may wish to consult with the WEA.

Contributions for Future School Years

Contributions for future school years will be treated the same way as contributions for the 1990-91 school year. If such erroneous compensation, contributions, and service are reported, DRS will expect the employer to reverse those transactions. If they are not reversed by the employer, they will be reversed by DRS, and the member will experience the tax consequences.

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Questions?

If you have questions regarding TRS contributions for members on authorized leave without pay, you may contact Hector Gonzalez of the DRS Legislative/Legal Affairs Office at (206) 586-3414, SCAN 321-3414.

Maureen H. Westgard
Deputy Director

1991 DRS Notices

Check this list to make sure you have received all DRS Notices that apply to you and/or your employees. If you need a copy of a Notice you did not receive, call the DRS Technical Writing Unit at (206) 586-4515, SCAN 321-4515.

Notice No.	Applies to/ Subject matter	Notice No.	Applies to/ Subject matter
91-001	All Employers Transmittal report due dates	91-014	All Employers Public hearings on proposed rules and amendments
91-002	PERS and TRS Employers New Enrollment Form	91-015	All Employers Final rules for interest charge on past-due accounts
91-003	LEOFF, Judicial, and WSP Employers New Enrollment Form	91-016	School Districts, ESDs, and SPI TRS member contributions and work for non-TRS employers
91-004	PERS Employers "PERS Disability Benefits" brochure		
91-005	PERS Employers Members' Annual Statements		
91-006	LEOFF, Judicial, and WSP Employers Members' Annual Statements		
91-007	All Employers Proposed rules for interest charge on past-due accounts		
91-008	PERS and TRS Employers Enrollment Form (DRS 101006)		
91-009	LEOFF, Judicial, and WSP Employers Enrollment Form (DRS 101006)		
91-010	Higher Education Employers Transmittal report type codes		
91-011	PERS Employers Employee suggestion awards		
91-012	Employers who submit non-automated transmittal reports Converting to an automated transmittal reporting format		
91-013	PERS Employers (excluding State agencies) Billings for Excess Compensation charges		
